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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE
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COMMENT ON REPORTED ~~SECRET~~ SHIFTS IN EAST GERMAN POLICY

The official East German release on the meeting of the Politburo of the Socialist Unity Party (SED) on 9 June indicates that a considerable modification in government policies now in force for over a year may well be taking place. At minimum, the "recommendations" submitted by the Politburo to the government appear to envisage the dampening of the more rigorous aspects of the communist consolidation and isolation program. Directed not only at the East Germans, but also at public opinion in the West and in West Germany, the new "line" may also be the build-up to the long-anticipated Soviet move on German unification.

At the Politburo meeting, the following decisions were reportedly taken:

1. revision of the heavy industry plan "in order to correct past mistakes" and to improve the standard of living of various segments of the population was called for;
2. a new policy of assistance to small and medium-sized enterprises, retail and wholesale traders, craftsmen, and farmers was directed;
3. pardon for and compensation to farmers who have fled to the West was requested;
4. a general amnesty for and an invitation to all East German refugees to return and receive restitution was proposed;
5. new policies on residence permits for West Germans and West Berliners were proposed and a redefinition of policies with respect to interzonal transit permits was promised;
6. a pardon for persons receiving lesser sentences for violations of the law on the protection of property was recommended;
7. easing of the campaign against the Protestant youth organizations was agreed to;
8. various other measures regarding the rescinding of specific price increases and the reissuance of ration cards were decided upon.

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In addition to these basic decisions, the East German radio also announced yesterday that church leaders and representatives of the Council of Ministers had reached an agreement on the restoration of normal relations between church and state. Other than attenuating the campaign against the Protestant youth organizations, the agreement in general provides for return of church property confiscated by the state, a review of recent sentences imposed on church leaders, the payment of state subventions to the churches in accordance with the agreed rules, and a revamping of existing policies on religious instruction in schools. A prominent church official has reportedly hailed the agreement as a "miracle of God."

If these new directives are fully implemented, which of course is not certain, they would constitute for the East Germans themselves some alleviation of the more distressing consequences of the "rapid socialization" program. They may not, however, involve a reversal of major aspects of that program. Some improvement in the supply of consumers goods seems promised, some relief from the heavy pressure recently exerted upon the farmers and the private sectors of the economy in general seems intended, some modification of more objectionable features of the internal surveillance program seems involved, and major concessions appear to have been won by the churches. Whether the isolation measures which have been imposed since last year will be significantly modified, remains to be seen.

In any case, all of these measures seem designed to cope with the prevailing popular unrest caused by previous policies, and suggest at least an attempt at a basic solution of the serious problem of the refugees. The latter problem has been a considerable embarrassment to the regime, and there have been previous reports of Soviet dissatisfaction with the way it has been handled.

The Politburo's claim that its "chief aim" in making these decisions is "the restoration of German unity" makes it quite clear, however, that they are also a part of the Soviet "peace offensive" and may well be followed by new proposals on the Soviet side of the German question. In effect they constitute Soviet recognition that its aggressive line in East Germany is a serious obstacle to its other objectives in Western Europe. By giving the appearance of making major reversals in East Germany, the Russians may be hoping to soften Western skepticism and to bring about four-power talks on Germany without having to make in advance real concessions (such as agreeing to free all-German elections) which would seriously threaten the Communist position in East Germany.

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The almost over-night modification of policies in East Germany, which have again and again been reaffirmed ever since Stalin's death, as well as the criticism directed at previous "mistakes" of the SED, are certain to give rise to widespread speculation regarding the status of East German communist leaders. Such speculation will undoubtedly revolve around the position of Deputy-Premier and Secretary-General of the SED, Walter Ulbricht, with whom the tough policy of rapid socialization is most closely associated. Since he has long been regarded as one of Moscow's most trusted lieutenants and since his supremacy within the SED has seemed confirmed even within the last two weeks, rumors of his disgrace as a result of what appears to be a major tactical shift must for the moment be regarded with caution.

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